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DIRECTORATE OF INTELLIGENCE

28 October 1985

A Glance at China's Party Conference [redacted]

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Summary

The following is a summary of the major conclusions of our forthcoming study on China's September Party Conference, "China's Party Conference: The Waning of the Ancien Regime." [redacted]

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Deng's Achievements

From 12 to 24 September, the Communist Party of China held an unprecedented series of meetings that together constitute a major milestone in Deng Xiaoping's decade-long struggle to restructure the party leadership. In two plenary sessions of the Central Committee and an extraordinary conference of party delegates, Deng managed to weaken significantly the conservative party old guard, promote his allies to the top party organizations, reduce the influence of China's senior military officers, and win a new party endorsement of economic reform. Specifically:

This memorandum was prepared by [redacted] Office of East Asian Analysis. Information available as of 28 October 1985 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Domestic Policy Branch, China Division, OEA, on [redacted]

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- One-quarter of the 210-member Central Committee, including 10 of the 27 members of the Politburo, resigned.
- 91 younger leaders were named full or alternate members of the Central Committee.
- Six new members joined the Politburo--five for the first time and one promoted from alternate--and five were added to the Secretariat.
- The Central Committee approved guidelines for the 1986-90 Five-Year Plan that strongly reaffirm the reformist course of economic policy.

We believe Deng accomplished most of his short-term objectives at the meetings:

- The balance of forces in the Politburo and the Central Committee has shifted to the reformers.
- The influence on decisionmaking of the party's old guard, and especially its military contingent, has been significantly reduced.
- The leading reformers placed proteges on both the Politburo and Secretariat. Hu Yaobang put three on each body and Zhao Ziyang one.
- Serious economic performance problems, and growing conservative criticisms of reform policies, were not allowed to derail the economic development program approved in 1984.

What Deng Did Not Get

Despite these important gains, the meetings did not resolve all of Deng's short-term political problems. His most forceful conservative critics, namely Chen Yun and Peng Zhen, remain on the Politburo and will try to restrain political and economic reform plans. Party conservatives maintain a strong foothold in the propaganda apparatus, and will continue to insist on justifying economic policies on strict ideological grounds. Moreover, it appears that the reformers did not get all the top appointments we believe they had sought. In particular, there has been no confirmation that the September sessions endorsed Deng's succession plan, which calls for Hu Yaobang to replace Deng as Chairman of the party's Military Commission and Hu Qili to succeed Hu as General Secretary.

The New Agenda

Over the long term, the leadership changes Deng put in place at the September meetings will assume greater significance. In our view, the meetings mark a major turning point in the generational transfer of power. Although the old guard remains

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influential, little now bars the way to consolidation by the successors on the Politburo and Secretariat. We also believe the restructured party leadership will be more energetic and flexible than its predecessor, and better able to carry out its decisionmaking functions.

Deng is changing the social and ideological base of the party. The reconstituted Central Committee heralds the ascendancy of the polytechnic institute graduates over the peasant activists, soldiers, and intellectuals of the older generation. The new leaders are more sympathetic to Deng's brand of "socialism with Chinese characteristics": free of 19th century dogma and able to absorb the technologies and ideas of capitalist countries, while maintaining the party's dominance in all political matters.

The resounding vote of confidence in economic reform policies contained in the five-year-plan guidelines means that Beijing will continue its trial-and-error approach to economic development-- reducing the role of central planning, refining its use of macroeconomic levers to control the economy, yet permitting greater individual initiative and free market activity. The debate over the optimum development strategy will persist, and reform policies must continue to show gains to stave off conservative critics, but we believe the reformers have an extended mandate to make bold changes in China's economy. The conservative tone of major leadership speeches at the party conference indicates that more attention will be paid to the ideological dimension of the reforms, perhaps at the cost of some confusion within the economic bureaucracy and among foreign investors.

The reduction in military influence achieved at the meetings puts control of the armed forces more securely in civilian hands than has been the case in decades. We believe Deng will seek to follow up these gains by making more changes in the military hierarchy, bringing forward a younger, more politically pliant high command better able to carry out effective military modernization.

Finally, the September meetings set the stage for what will probably be Deng's last effort to resolve the succession issue. We expect Deng to press for his second-stage succession arrangements and make further preparations for his own retirement. We believe he will try to carry the remaining members of the old guard into retirement with him, probably before the scheduled 13th Party Congress in 1987.

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